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EIC Can Put Cash In Wage-earners' Pockets

By Mike Jennings, CFC Communications

Federal and Kentucky tax laws offer low-income workers a chance to keep more of their hard-earned dollars.

Workers who qualify for the Earned Income Credit (EIC) and file a federal tax return can reduce their tax bill. If they owe no tax, or if the credit exceeds taxes owed, they may get extra cash from the government.

Similarly, Kentucky's Low Income Tax Credit can reduce the tax burden on wage-earning individuals and married couples. But, unlike the federal law, the state credit allows no payment in excess of taxes owed.

One purpose of the EIC is making work more attractive than welfare. So only wage-earners and the self-employed can get it.

The EIC "is very beneficial" for low-income working families, and the Cabinet for Families and Children urges these families to apply for it, said Tresa Short, director of the Cabinet's Division of Family Support. She said Family Support workers statewide are equipped with current information on the tax credit, and reminders to apply for it have been mailed to Kentucky Transitional Assistance Program cash recipients.

Changes for year 2000 make the EIC worth more money. Workers with a household income of between \$9,700 and \$12,700 can receive the maximum credit of \$2,353 if they are raising one child, or \$3,888 if they are raising two or more children.

The federal credit phases out at a household income of \$27,413 for workers raising one child and \$31,152 for workers raising two or more children. Workers with no children may also receive a federal credit, but only if

their household income is \$10,383 or less.

Grandparents who work and are raising grandchildren may qualify for the EIC. Foster parents can also claim the credit for foster children who live with them all year.

Beginning in 2000, brothers, sisters, stepbrothers, stepsisters and the descendants of all such relatives can be claimed as foster children for EIC purposes—provided they live with the taxpayer all year and are cared for as family members.

Workers raising children may receive the EIC as a refund by attaching a Schedule EIC to their federal income tax return, or they may have part of the credit added to each paycheck by submitting an Earned Income Credit Advance Payment Certificate (Form W-5) to their employer. Workers not raising children can claim the credit as a refund by following instructions on their tax return; they cannot receive it as an advance payment.

Kentucky's Low Income Tax Credit is available to single persons and married couples whose combined Kentucky Adjusted Gross Income (KAGI) is \$25,000 or less.

The Kentucky credit cancels out any income taxes due for those with KAGI of \$5,000 or less by applying a 100% tax credit. It reduces tax due by 50% for KAGI of \$5,000 to \$10,000; 25% for KAGI of \$10,000 to \$15,000; 15% for KAGI of \$15,000 to \$20,000; and 5% for KAGI of \$20,000 to \$25,000.

Low-income workers may call 1-800-829-1040 to obtain help in filing for the federal EIC. For information about Kentucky taxes, call (502) 564-4581.

Kentucky Receives \$1.5 Million for Caregivers Program

The Cabinet for Health Services

Kentucky has received \$1.5 million in federal funds to begin a caregiver program.

The Older Americans Act Amendments of 2000 established the National Family Caregivers Support Program to help families fulfill their roles as caregivers. The federal Administration on Aging allocated \$1,516,000 to Kentucky's Office of Aging Services, Cabinet for Health Services, to establish the program statewide. The 15 Area Agencies on Aging will receive a share of these funds to meet local needs. The new program will be implemented statewide by July 1, 2001.

"The National Family Caregivers Program provides an exciting opportunity to assist family caregivers," said Jerry Whitley, executive director, Office of Aging Services. "These individuals provide nearly 80 percent of care for older persons, often experiencing significant personal and economic burdens in their caregiving role. We can help them remove barriers to service, care for their loved ones more effectively, and find time to meet their own needs while caring for others."

The program serves family caregivers who provide care to people over 60 years of age. It also serves grandparents and other older relatives who provide care to children up to age 18. The services include:

- .. information and assistance to caregivers in locating and obtaining services;
- .. caregiver counseling;
- .. organization of support groups;
- .. caregiver training to assist in problem solving and decision making;
- .. respite care to allow caregivers a temporary break from daily pressures of caregiving, for example, in-home services, adult day care, or a residential setting; and
- .. services to supplement care being provided.

The benefit from these new funds will be increased through local coordination of services and new partnerships with other agencies to focus on caregivers.

For more information about the caregiver program, contact Phyllis Culp or Alice Delambre at the Office of Aging Services (502) 564-6930.

Deadline Nears to Claim Funds From Year 2000 Flex Accounts

By Anya Armes Weber – CFC Communications

March 31 is the deadline for employees with funds in their 2000 Commonwealth Choice Flexible Spending Accounts to file for reimbursement. Request forms and receipts for last year's services must be postmarked by that date.

Hunt, Dupree and Rhine, the account's administrator, has an automated phone line to check on balances and claims: (800) 413-6706. You must enter your Social Security number to get information. If you need to speak with an administrator, call (800) 403-2839.

CFS Focus To Return, Featuring New Counties

By Anya Armes Weber

CFS Focus, the Cabinet's Comprehensive Family Services newsletter, has completed its initial six-issue publication series, spotlighting the state's first six pilot counties. The newsletter will return this spring, featuring the six new counties from six new regions. They are as follows:

FIVCO: Elliott County
Bluegrass Fayette: Fayette County
Cumberland Valley: Jackson County
KIPDA Jefferson: Jefferson County
Lincoln Trail: Meade County
Green River: Ohio County

An interim edition will feature results from client, partner and staff surveys from the first pilot counties.

Check out past issues of CFS Focus at <http://cfc.state.ky.us/cfsnews/focus.htm>.

Helpful Web Sites

Compiled by Margaret Davis Harney

If you've found a helpful site you would like to share in this column, e-mail it to [Margaret Davis Harney](mailto:Margaret.Davis.Harney@ky.gov). (*Note: This column is provided for informational purposes only and is not intended to be an endorsement for any site or its content.*)

Fighting Identity Theft

The Privacy Rights Clearinghouse
www.privacyrights.org.

The Federal Trade Commission
www.consumer.gov/idtheft.

U. S. Department of Justice
<http://www.usdoj.gov/criminal/fraud/idtheft.html>.

Federal Trade Commission
<http://www.ftc.gov/bcp/workshops/idtheft/index.html>.

When another person uses your Social Security number
<http://www.ssa.gov/oig/when.htm>

Two online publications, "Protecting Yourself from Identity Theft" and "The Victim's Guide to Recovery"
<http://www.ncis.navy.mil/IDTheft/IDTheft.html>.

Other ways to fight identity theft

Obtain a copy of your Social Security earnings history on a regular basis. Download an application from the SSA Web site at www.ssa.gov, or call 800-772-1213.

Check your credit report on a regular basis. The three major credit reporting companies are Equifax (800-685-1111), Experian (888-397-3742) and TransUnion (800-888-4213). Report suspicious transactions to the credit bureau's fraud department.

CFC March of Dimes Activities:

March 12-21: Silent Auction

March 21: Blue Jeans for Babies